

CHAMPION MINERALS INC.

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MANAGEMENT'S DISCUSSION AND ANALYSIS THREE MONTHS ENDED JUNE 30, 2007

The following discussion and analysis provides a review of current activities and a comparison of the performance and financial position of Champion Minerals Inc. (the "Company") for the three months ended June 30, 2007 and 2006. It should be read in conjunction with the financial statements and accompanying notes. The financial data in this document has been prepared in accordance with Canadian GAAP. Additional information relating to the Company is available on SEDAR at www.sedar.com. Comments in this document are prepared as of August 28, 2007.

Certain of the statements set forth in this MD&A, such as statements regarding planned activity and working capital, and the availability of capital resources to fund capital expenditures and working capital are forward-looking statements. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that expected results will be achieved. There are numerous risks and uncertainties that can affect the outcome and timing of events, including many factors beyond the control of the Company. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, the Company's actual results and plans for fiscal 2008 could differ materially from those expressed in this document. All dollar amounts are stated in Canadian dollars unless otherwise indicated.

The Company

The Company is a reporting issuer in Ontario and Alberta and its shares are currently not listed for trading on any exchange.

Overall Performance

Powderhorn Property, Newfoundland

The Company entered into an option agreement (the "Option Agreement") on June 11, 2006 with Copper Hill Resources Inc. ("Copper Hill") to acquire a 70% interest in a mineral exploration property, the Powderhorn Lake Project (the "Powderhorn Property"). The Powderhorn Property consists of a total of 115 claims covering an area of 29 square kilometres situated in the Buchans-Robert's Arm Belt, in Central Newfoundland, Canada. It is approximately 40 km to the NE of, and on strike with, the renowned Buchans Mine Volcanogenic Massive Sulphide ("VMS") deposits which produced 16.2 million tonnes from 5 ore bodies with average mill head grades of 14.5% Zn, 7.6% Pb, 1.3% Cu, 126 g/t Ag and 1.4 g/t Au (source: J.G. Thurlow, 1990).

Pursuant to the Option Agreement, the Company has the option to acquire a 70% interest in the Powderhorn Property by: i) paying \$50,000 as follows: \$30,000 which has been paid, \$10,000 which was paid on June 11, 2007 and \$10,000 to be paid by June 11, 2008; ii) incurring exploration expenditures of \$1,000,000 on the Powderhorn Property on or before June 11, 2009 in the following yearly increments: \$200,000 by June 11, 2007 which has been incurred, \$300,000 by June 11, 2008, and \$500,000 by June 11, 2009; and iii) issuing 600,000 common shares as follows: 100,000 common shares which were issued on November 26, 2006 at a deemed price of \$0.20 per common share, 150,000 common shares which were issued on June 11, 2007 at a deemed price of \$0.30 per common share, 250,000 common shares before June 11, 2008, and 100,000 common shares before June 11, 2009; or upon completion of exploration expenditures required pursuant to the Option Agreement, or promptly after an economic discovery as evidenced by a pre-feasibility study has been made on the Powderhorn Property.

The Powderhorn Property is currently encumbered with a 2.85% Net Smelter Royalty (“NSR”), owned by various parties, of which 1.85% can be purchased by the joint venture participants for \$2,300,000 to reduce the NSR to 1.0%.

VMS-style mineralization was discovered on the Powderhorn Property in 1999 along the shores of the Powderhorn Lake, and also along new logging roads which were opened up in the surrounding property. Surface sampling and shallow drilling conducted by Copper Hill and Billiton Resources Canada Inc. (“Billiton”) in 1999 and 2001 (average 100m deep) outlined altered and mineralized felsic volcanics, outcropping over an area of 2 by 1 km. Mineralization consists of both exhalative, massive zinc-rich layers with grades up to 9% zinc in chip samples from surface float and feeder-type, copper and gold mineralization assaying up to 3.1% copper and 3.5 g/t Au over 0.5m at a depth of 36m in drill core from one of the holes drilled by Billiton (source: D.H.C. Wilton, March 25, 2002, Geological Report Powderhorn Lake Property). Mineralization is open in all directions.

Current exploration work will be aimed at locating the centre of the stockwork copper-gold mineralization emplaced in the pile of felsic volcanics and massive sulphide lenses hosted by the overlying mineralized black shales.

Attikamagen Lake Iron Property, Labrador

On July 20, 2007, the Company completed the acquisition of the Attikamagen Lake Iron Property (the “Property”) consisting of 52 claims in eastern Labrador, located 15 km E-NE of Schefferville, Quebec (the “Acquisition”).

The Company acquired a 100% interest in the Property from an arm’s length vendor by making cash payments totaling \$40,000, and through the issuance of 100,000 common shares of the Company at a deemed value of \$0.30 per share. The Company has agreed to pay an aggregate royalty of \$3.00 per tonne of iron content in any and all iron ore, pellets or other product produced from the Property, calculated at the port when shipped. The shares issued pursuant to the Acquisition are subject to a four month hold period.

The Property hosts a significant taconite or Superior-type iron formation, at least 8 km in length, 1.2 km wide and minimum 75 m thick. The taconite is massive, dense and very fine grained, with hematite as the main iron oxide. Previous surface work from 1941 reported an average grade of 41% iron, 0.18% manganese and 0.011% phosphates; whereas sampling in 1961 outlined 40.22% iron, 36.56% insoluble iron, 0.26% manganese and 0.013% phosphates. These are historical results which are not compliant with National Instrument 43-101 and, accordingly, cannot be relied upon.

The magnetic signature varies from non-magnetic to strongly magnetic. Operators in the region attribute the magnetic lows to “higher grade soft iron oxides”. The accepted theory of the origin of these soft iron oxides is that they are younger laterites formed from an older siliceous iron formation, rich in magnetic magnetite. Concentration of the iron is believed to be the result of weathering and groundwater interaction. The process leaches out the silica and concentrates iron as hematite-limonite, the non-magnetic component. Any future exploration on the Property should focus on determining the extent and grade of this material, since it would have a positive impact on economic scenarios of the mineralization.

Results of Operations

The Company’s loss for the 3 months ended June 30, 2007, was \$30,811 [2006 - \$24,371]. The slight increase in the loss compared to the same period in the previous year is primarily attributable to an increase in consulting and office fees in connection with the Company implementing a new business strategy. Notwithstanding the increase in total general and administrative expenses, the Company reduced its professional fees for the 3 months ended June 30, 2007 to \$11,922 [2006-\$18,594].

Summary of Quarterly Results

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
<u>2008</u>				
Revenue	Nil			
Net loss	30,811			
Net loss per share, basic and diluted	(0.00)			
<u>2007</u>				
Revenue	Nil	Nil	Nil	Nil
Net loss	24,371	60,351	25,346	36,048
Net loss per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
<u>2006</u>				
Revenue	Nil	Nil	Nil	Nil
Net loss	17,926	26,434	13,795	19,279
Net loss per share, basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)

Financial Condition, Liquidity and Capital Resources

At June 30, 2007, the Company had a working capital deficit of \$40,761 [March 31, 2007 – working capital of \$223,631]. In recognition of this fact, the Company is currently proceeding with a proposed private placement financing of \$580,000.

The Company has to rely on the capital markets to raise capital via equity and/or debt financing or raise capital internally. In recognition of these conditions, the Company is actively working in its continuing efforts to establish its new business strategy. The Company has taken the decision to actively seek, identify and acquire mineral resource projects. However, the Company's ability to continue as a going concern is dependent upon securing financing arrangements to acquire mineral resource properties and meet its obligations as they fall due.

Related Party Transactions

For the 3 months ended June 30, 2007, consulting fees included \$10,500 (2006-\$nil) paid or payable to companies controlled by a director and two officers of the Company and mineral resource properties included \$6,000 (2006-\$nil) paid or payable to a company controlled by a director of the Company. Accounts payable and accrued liabilities includes \$22,075 (2006-\$nil) payable to a company controlled by a director of the Company. These transactions were in the normal course of business and are recorded at an exchange value established and agreed upon by the related parties.

Proposed Transactions

The Company is continuing its efforts to establish a new business strategy, and the Company has taken the decision to actively seek, identify and acquire mineral resource projects. As part of the Company's new business strategy, the Company entered into an option agreement with Copper Hill Resources Inc. pursuant to which the Company has the option to acquire a 70% interest in a mineral exploration property, the Powderhorn Lake Project (see Overall Performance section above).

Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company, is made known to them by others within the Company, particularly during the period in which the interim filings are being prepared. The Chief Executive Officer and Chief Financial Officer have also designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with Canadian generally accepted accounting principles.

The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures and assessed the design of the Company's internal control over financial reporting. As the Company has a limited number of personnel, management has concluded that a weakness existed in the design of internal control over financial reporting caused by a lack of adequate segregation of duties. This weakness has the potential to result in material misstatements in the Company's financial statements and should also be considered a weakness in its disclosure controls and procedures.

Management has concluded that taking into account the present stage of the Company's development and the best interests of its shareholders, the Company does not have sufficient size and scale to warrant the hiring of additional personnel to correct this weakness at this time. To help mitigate the impact of this weakness and to ensure quality financial reporting, there are supervisory controls exercised by management and audit committee oversight.

There has been no change in the Company's internal control over financial reporting that occurred during the Company's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Changes in Accounting Policies including Initial Adoption

Accounting changes

On April 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants Handbook ("CICA Handbook") Section 1506, "Accounting Changes" which requires that voluntary changes in accounting policy be made only if the changes result in financial statements that provide more reliable and more relevant information. It also requires prior period errors to be corrected retrospectively. The adoption of the standard had no effect on the Company's financial statements.

Financial instruments

On April 1, 2007, the Company adopted CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement" which requires that financial instruments are classified as financial assets and financial liabilities held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities.

Financial assets and liabilities held for trading

Financial assets and liabilities held for trading are accounted for at fair value with the change in fair value recognized in earnings.

Held-to-maturity investments

Held-to-maturity investments are recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. These financial instruments are written down to fair value by a charge to earnings when impaired.

Loans and receivables

Loans and receivables are initially recognized at fair value with any premium or discount from face value being amortized to earnings using the effective interest rate method. These financial instruments are written down to fair value by a charge to earnings when impaired.

Available-for-sale financial assets

Available-for-sale financial assets are accounted for at fair value with the change in fair value recorded in other comprehensive earnings. These financial instruments are written down to fair value by a charge to earnings when impaired.

Other financial liabilities

Other financial liabilities are initially recognized at cost or amortized cost depending on the nature of the financial instrument with any premium or discount from face value being amortized to earnings using the effective interest method.

Transaction costs

Transaction costs incurred in connection with the issuance of financial liabilities are capitalized recorded as a deduction of the carrying value of the related financial liabilities and amortized using the effective interest method.

Effect of adoption

As a result of the adoption of the standards, the Company has classified its cash as held for trading; accounts receivable as loans and receivables; and accounts payable and accrued liabilities and due from NFX Gold Inc. as other financial liabilities. The adoption of the standard had no effect on the Company's financial statements.

Comprehensive income and equity

On April 1, 2007, the Company adopted CICA Handbook Section 1530, "Comprehensive Income" which requires disclosure of comprehensive income and CICA Handbook Section 3251, "Equity" which requires presentation of the components of equity, including retained earnings (deficit) accumulated other comprehensive income, contributed surplus, share capital and reserves and the changes therein. Comprehensive earnings is composed of the Company's net earnings and other comprehensive earnings, including unrealized gains and losses on available-for-sale securities, foreign currency translation gains and losses on the net investment in self-sustaining operations and changes in the fair market value of derivative instruments designated as cash flow hedges, all net of income taxes. The Company does not have any other comprehensive income and the adoption of the standards had no effect on the Company's financial statements.

Hedges

On April 1, 2007, the Company adopted CICA Handbook Section 1530, "Hedges" which allows optional treatment providing that hedges be designated as either fair value hedges, cash flow hedges or hedges of a self-sustaining foreign operation. The Company does not have hedging programs in place which qualify for hedge accounting and the adoption of the standard had no effect on the Company's financial statements.

There have been no changes in accounting policies during the 3 months ended June 30, 2007.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due to NFX Gold Inc. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments and that the fair value of these financial instruments approximate their carrying values.

Risk Factors

The Company is continuing its efforts to establish a new business strategy, and the Company has taken the decision to actively seek, identify and acquire mineral resource projects (see Overall Performance above).

Management is of the opinion that suitable business opportunities will be identified and that financing will be obtained for those business opportunities. In addition to these risks, the Company's financial performance may be affected, favourably or adversely, by other external factors as described below.

Financing

The Company requires equity financing for those suitable business opportunities identified. There is no assurance that such additional financing will be available when required or, if available, that it could be obtained on favourable terms.

Bank Debt and Long Term Debt

The Company currently has no bank debt or long term debt.

Other Information

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Company for the periods indicated.

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006
	\$	\$
General and Administrative Costs		
Professional fees	11,922	18,594
Consulting fees	10,500	3,210
General office	8,390	2,567
	30,811	24,371

The Company recorded general and administrative expenses of \$30,811 for the 3 months ended June 30, 2007 [2006 - \$24,371]. The slight increase in general and administrative costs compared to the same period in the previous year is primarily attributable to an increase in consulting and office fees in connection with the Company implementing a new business strategy.. Notwithstanding the increase in total general and administrative costs, the Company reduced its professional fees for the three month period to \$11,922 in 2007, compared to \$18,594 in 2006.

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006
	\$	\$
Capitalized Exploration and Development Costs		
<i>Powderhorn Property</i>		
Deferred exploration costs	233,581	Nil

The figures above pertain to the Powderhorn Project located in central Newfoundland.

The increase in capitalized exploration and development costs for the 3 months ended June 30, 2007 is attributable to the Company's initial phase of exploration at the Powderhorn Project whereas in the comparable period in 2006, the Company did not have an exploration project.

Shares Outstanding at June 30, 2007 and August 28, 2007.

There were 8,755,667 common shares issued and outstanding at June 30, 2007.

During the 3 months ended June 30, 2007, the Company issued 150,000 common shares pursuant to the Powderhorn Property option agreement and 100,000 common shares pursuant to the Attikamagen Iron Ore Property acquisition (see Overall Performance section above).

There were 8,855,667 common shares issued and outstanding at August 28, 2007.

The Company does not currently have any options issued and outstanding pursuant to the Company's stock option plan.